

NEWS RELEASE



***OFFICE OF THE UNITED STATES
ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Carol C. Lam***

For Further Information, Contact:

Assistant U.S. Attorneys Michael G. Wheat, Robert Ciaffa, Paul S. Cook, or John J. Rice

For Immediate Release

NEWS RELEASE SUMMARY - July 18, 2005

United States Attorney Carol C. Lam announced today that a federal jury has returned guilty verdicts against San Diego City Council members Ralph Inzunza and Michael Zucchet, as well as against Las Vegas strip club lobbyist Lance Malone. The jury found the defendants guilty of conspiracy to commit wire fraud and substantive counts of wire fraud, aimed at depriving the citizens of San Diego of their right to honest services. The fraud scheme involved Inzunza and Zucchet's acceptance of money in exchange for their agreement to assist Malone in repealing the "no touch" provision of the San Diego Adult Entertainment Ordinance. The jury also found the defendants guilty of extortion under color of official right regarding Inzunza's demands for money from Malone and Las Vegas strip club owner Michael Galardi for the benefit of Zucchet. Galardi had previously pled guilty to the conspiracy charge, testified for the government at trial, and is awaiting sentencing.

The jury found City Council aide David Cowan not guilty of one count of lying to the FBI during the course of the investigation, and found Malone not guilty of two counts of interstate travel in aid of racketeering.

Sentencing is currently set for Wednesday November 9, 2005, at 9:00 a.m. before United States District Judge Jeffrey T. Miller.

DEFENDANTS

CASE NUMBER: 03Cr2434-JM

RALPH INZUNZA
San Diego, California

MICHAEL ZUCCHET
San Diego, California

LANCE MALONE
Las Vegas, Nevada

SUMMARY OF CHARGES

Ralph Inzunza

Count 1 - Conspiracy to Commit Wire Fraud
Counts 3, 7, 8, 11, 13, 14, 18, 21, and 25 - Wire Fraud
Counts 35, 36 and 37 - Extortion

Michael Zucchet

Count 1 - Conspiracy to Commit Wire Fraud
Counts 4, 19, 20, 23, and 32 - Wire Fraud
Counts 35, 36 and 37 - Extortion

Lance Malone

Count 1 - Conspiracy to Commit Wire Fraud
Counts 2 through 34 - Wire Fraud
Counts 35, 36, and 37 - Extortion

COUNT 1	Conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 371. The charge of conspiracy to commit wire fraud carries a maximum penalty of 5 years' imprisonment and a \$250,000 fine.
COUNTS 2-34	Wire fraud, in violation of Title 18, United States Code, Sections 1343 and 1346, and Title 18, United States Code, Section 2. Each count of wire fraud carries a maximum penalty of 20 years' imprisonment and a \$250,000 fine.
COUNTS 35-36	Extortion, in violation of Title 18, United States Code, Section 1951, and Title 18, United States Code, Section 2. Each count of extortion carries a maximum penalty of 20 years' imprisonment and a \$250,000 fine.

AGENCIES

Federal Bureau of Investigation
San Diego Police Department, Criminal Intelligence Unit